

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on March 15, 2005 at 8:00 A.M., in Room 250 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. Jon Tester, Vice Chairman (D)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Rep. Carol C. Juneau (D)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Mark Bruno, OBPP

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted:

Executive Action: HB 5; HB 6; HB 7; HB 11

CHAIRMAN WELLS called the meeting to order. He announced that the Committee will carry out executive action on HB 5, HB 6, HB 7, and HB 11. They will also be discussing language related to HB 748.

EXECUTIVE ACTION ON HB 5

Motion/Vote: SEN. KEENAN moved to RECONSIDER THE MOTION on HB 5. Motion carried unanimously by voice vote.

Cathy Duncan pointed out that each committee member had been given a folder containing amendments and worksheets outlining each bill. (HB 5 Worksheet - Exhibit 1)

EXHIBIT(jlh57a01)

CHAIRMAN WELLS went over some of the changes to HB 5 that had been made by the Committee during previous executive action. The total amount (one-time general fund transfer) for HB 5 has been reduced by \$1 million after amendments submitted by SEN. KEENAN were adopted.

SEN. KEENAN commented that he would offer an amendment to return HB 5 to its form prior to adoption of his amendments during the last executive action session.

REP. JUNEAU asked if SEN. KEENAN'S proposed amendment would return the one-time general fund transfer amount to \$30 million.

SEN. KEENAN indicated that this was correct.

Ms. Duncan explained how the proposed amendment would change the funding figures listed on the worksheet.

CHAIRMAN WELLS advised the Committee to keep SEN. KEENAN'S proposed amendment in mind, as he will move the amendment at a later time.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 7.9}

Motion: REP. WELLS moved AMENDMENT HB000524.acd.

Discussion:

CHAIRMAN WELLS explained that this amendment will remove the appropriation for the 1100 North Last Chance Gulch project included in HB 5. He cited community opposition to the project and budget constraints as reasons for the amendment.

EXHIBIT(jlh57a02)

SEN. TESTER asked if the amendment would remove the total funding for the project.

CHAIRMAN WELLS replied that the amendment will remove the total appropriation recommended for the project in the budget. He plans to use \$600,000 of these funds for other projects and will revert the remainder.

REP. JUNEAU commented that the amendment did not refer to the "grey bill."

Ms. Duncan stated that all amendments must be done through the original bill.

CHAIRMAN WELLS directed the Committee members to reference Page 2, Line 19 of HB 5.

SEN. COONEY asked if the amendment would just remove funding from the gymnasium portion of the project.

CHAIRMAN WELLS replied that his amendment removes all funding associated with the project upgrades.

SEN. COONEY asked a representative of the Department to indicate how the amendment will affect the project.

Tom Livers, Department of Environmental Quality (DEQ), explained the project in further detail. He suggested that only funding for the controversial part of the project be removed. The proposed amendment removes funding for the entire project.

{Tape: 1; Side: A; Approx. Time Counter: 7.9 - 20.2}

SEN. TESTER asked the chairman where he intended to use the funds that are freed by the amendment.

CHAIRMAN WELLS responded that he would like to contribute \$600,000 to projects below the funding line in HB 6.

CHAIRMAN WELLS asked how much could be done with the project if the funding were only reduced by \$1 million.

Mr. Livers replied that at least \$1.1 million is needed to complete the project with the gym phase removed.

SEN. BRUEGGEMAN suggested that CHAIRMAN WELLS only reduce the project funding by \$600,000. This will allow a limited project to move forward and still enable funding of the HB 6 projects.

Mark Bruno added that placing additional funds in HB 6 will contribute to the spending cap.

Ms. Duncan stated that the cap issue can be avoided as long as the funding removed from the project is not appropriated anywhere else.

{Tape: 1; Side: A; Approx. Time Counter: 20.2 - 27.4}

Substitute Motion: REP. WELLS moved THAT THE 1100 NORTH LAST CHANCE GULCH PROJECT FUNDING BE REDUCED BY \$600,000.

Discussion:

CHAIRMAN WELLS explained that \$1.2 million will remain appropriated for the project.

Ms. Duncan commented that a \$600,000 change will be reflected in the one-time general fund transfer.

CHAIRMAN WELLS explained that this would remove the figure "\$18.2" from the original amendment and replace it with "\$19.4."

SEN. TESTER asked how the Renewable Resource Grant and Loan Program (RRGL) was funded.

John Tubbs, Department of Natural Resources and Conservation (DNRC), stated that the funding comes from the Resource Indemnity Trust Fund (RIT) interest earnings.

SEN. TESTER asked if the interest was estimated in HJR 2.

Mr. Tubbs replied that this was correct and explained some of the impacts on HJR 2. There are additional interest earnings allocated within the RRGL account that go to the water court expenditures.

{Tape: 1; Side: A; Approx. Time Counter: 27.4 - 32}

REP. JUNEAU clarified that the current motion was limited to removing \$600,000 from the project and would not authorize the funds to be spent on any other projects.

SEN. TESTER commented that he would oppose the amendment because of its potential impact on the spending cap.

Vote: Motion carried 5-3 by roll call vote with **SEN. COONEY**, **REP. JUNEAU**, and **SEN. TESTER** voting no.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 5.6}

SEN. KEENAN returned to the discussion of his proposed amendment. He explained how the funding amounts in HB 5 will be changed as a result of his amendment:

- 1) Amount in Line 17, Page 1, listed under Department of Public Health and Human Services (DPHHS) will read "\$595,500."
- 2) Amount in Line 31, Page 1, listed under DPHHS will read "1,7500,000."
- 3) The bottom line ending fund balance listed on Page 2 will read "\$201,633."

SEN. KEENAN wished to have \$200,000 left out of the amendment so that it could be used as a one-time transfer to DPHHS.

Ms. Duncan commented that the best way to do this was to remove the ending fund balance, \$200,000, from the one-time general fund transfer.

SEN. KEENAN explained that \$30 million one-time-only funds were transferred to the ending balance of HB 5 to address deferred maintenance. For this reason, the general fund transfer must be reduced in order to remove funds from HB 5.

Motion/Vote: **SEN. KEENAN** moved a **CONCEPTUAL AMENDMENT**. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 5.6 - 10.7}

CHAIRMAN WELLS distributed an amendment to the Committee members. This amendment appropriates \$100,000 to the Department of Military Affairs for construction of housing for the families of veterans at the Fort Harrison Hospital.

EXHIBIT(j1h57a03)

Ms. Duncan handed out written testimony, which had been given to her by proponents of the project. She explained that the proposed facility is a federal building. The Long Range Building Program (LRBP) cannot fund Federal projects. Funding for this project must come directly from the General Fund.

EXHIBIT(jlh57a04)

SEN. TESTER commented that he did not believe it was appropriate to fund the project through HB 5.

Ms. Duncan stated that the project could be addressed as a line item in HB 2.

Russ Ritter, Liberty House, stated that the Governor's Office did not object to the proposed method of funding during prior discussion. Mr. Ritter gave additional history on the project. They have already raised \$150,000 in contributions and are asking for a one-time grant from the State.

{Tape: 1; Side: B; Approx. Time Counter: 10.7 - 21.1}

SEN. COONEY asked if the \$100,000 was expected to be matched with outside funds. He wanted to know if contingency language was necessary for the amendment.

REP. WITT asked how the \$100,000 could be contributed to the project through HB 5.

Ms. Duncan replied that she would have to seek legal counsel to ensure that the process was handled appropriately. She felt that general fund dollars could be appropriated by reducing the one-time general fund transfer by \$100,000.

REP. WITT believed that grant money could not be taken from HB 5 and shifted to HB 2. He felt a line item in HB 2 would be most appropriate.

Motion: **REP. WITT moved TO REDUCE THE ONE-TIME GENERAL FUND TRANSFER BY \$100,000.**

Discussion:

Ms. Duncan added that she would find the appropriate language for the amendment.

SEN. TESTER stated that this \$100,000 would apply towards the spending cap and the legislature may be forced to adjust program funding in the future.

Vote: Motion carried 5-3 by roll call vote with REP. JUNEAU, SEN. KEENAN, and SEN. TESTER voting no.

{Tape: 1; Side: B; Approx. Time Counter: 21.1 - 28.5}

CHAIRMAN WELLS announced that the Committee would be in recess until 5:00 P.M.

(Reconvene at 5:05 P.M. in room 173. Begin Tape: 2; Side A. SEN. BRUEGGEMAN was absent at reconvening of the meeting.)

Motion: SEN. COONEY moved AMENDMENT HB000522.acd.

Discussion:

SEN. COONEY explained that this amendment makes the \$20,000 appropriated in HB 5 for the Historic and Cultural Properties Interim Study contingent upon passage of HB 777.

EXHIBIT(j1h57a05)

Vote: Motion carried unanimously by voice vote.

Motion: SEN. COONEY moved AMENDMENT HB000526.acd.

Discussion:

SEN. COONEY stated that this amendment provides language for spending authority to the Montana Law Enforcement Academy. They have requested Federal funding to construct a new building on campus and need spending authorization from the State.

EXHIBIT(j1h57a06)

Ms. Duncan added that this building will replace an old building, so there will be no significant increase in operation and maintenance costs.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 6.4}

Vote: Motion carried unanimously by voice vote.

Motion: REP. WELLS moved AMENDMENT HB000525.acd.

Discussion:

CHAIRMAN WELLS explained that the amendment allows funds to be appropriated for the formation of an interim study committee on

Long Range Building. The funding for the amendment will be taken from the ending fund balance of HB 5.

EXHIBIT(jlh57a07)

SEN. KEENAN suggested that the interim committee should also address the benefit amounts used in the Treasure State Endowment Program (TSEP) application process.

Ms. Duncan went over some of the issues an interim committee could address.

SEN. TESTER commented that he would oppose the amendment. He feels the issues are better addressed by the departments that administer these programs.

(SEN. BRUEGGEMAN entered the meeting at 5:20 P.M.)

SEN. KEENAN asked for more information about the deferred maintenance issue.

Tom O'Connell, Department of Administration, explained that the level of funding generated by the State for LRBP projects is steadily declining. The one-time general fund transfer allocated for deferred maintenance projects will eliminate a significant amount of backlog on deferred maintenance projects. There will be disastrous implications for the future of LRBP if the current amount of funding going to the program is not augmented.

SEN. KEENAN asked what other issues should be studied in addition to deferred maintenance.

Ms. Duncan felt that deferred maintenance was the most important issue an interim committee could address. The committee would need to establish a means of addressing maintenance on an ongoing basis.

{Tape: 2; Side: A; Approx. Time Counter: 6.4 - 21.3}

SEN. KEENAN asked how the interim committee study would be funded.

Ms. Duncan replied that the study will be funded as an administrative expense included in HB 5.

The committee members discussed possible ways to ensure that an interim committee would address the deferred maintenance issue.

Vote: Motion carried 7-1 by roll call vote with SEN. TESTER voting no.

Motion/Vote: SEN. KEENAN moved that HB 5 BE ADOPTED AS AMENDED. Motion carried unanimously by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 21.3 - 26.2}

EXECUTIVE ACTION ON HB 6

Ms. Duncan directed the Committee members to review the handouts on HB 6 included in their packets.

EXHIBIT(j1h57a08)

Motion: REP. WELLS moved AMENDMENT HB000604.acd.

Discussion:

CHAIRMAN WELLS explained that this amendment will transfer funds removed from HB 5 to be used to fund seven additional projects, which are currently below the funding line in HB 6.

EXHIBIT(j1h57a09)

SEN. KEENAN asked if all the projects to be funded were qualified applicants.

Mr. Tubbs replied that the Department had no objections to the projects being funded.

REP. WITT asked if the projects below the funding line were first on the priority list for the next biennium.

Mr. Tubbs answered that all projects must reapply for funding in each biennium.

SEN. TESTER asked how many projects did not move forward in a typical year.

Mr. Tubbs responded that one or two projects typically will not be able to move ahead and will have their funding reverted in a typical year.

SEN. TESTER asked where the amendment put the project funding line.

Mr. Tubbs replied that the line would be between projects numbers 47 and 48, with a few thousand dollars remaining in the fund balance.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 5.2}

Substitute Motion: SEN. KEENAN moved that THE LIVINGSTON PROJECT (CURRENTLY LISTED AS PRIORITY 47) TO PRIORITY 41 AND AMEND \$100,000 INTO HB 6 TO FUND THIS PROJECT.

Discussion:

SEN. KEENAN commented that after finding out the source of the \$600,000 included in the original amendment moved by CHAIRMAN WELLS, he wished to withdraw the substitute motion.

Without objection, SEN. KEENAN withdrew the substitute motion.

Vote: Motion carried 7-1 by roll call vote with SEN. TESTER voting no.

Motion: REP. WELLS moved AMENDMENT HB000601.agp.

Discussion:

CHAIRMAN WELLS indicated that this amendment would address the inappropriate use of RRGL funds. The amendment will temporarily correct the issue until it can be further addressed during the interim.

EXHIBIT(j1h57a10)

Vote: Motion carried unanimously by voice vote.

Motion/Vote: SEN. KEENAN moved that HB 6 BE ADOPTED AS AMENDED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 5.2 - 12.8}

EXECUTIVE ACTION ON HB 7

Motion: SEN. KEENAN moved TO RECONSIDER HB 7.

Discussion:

The committee members referenced HB 7 worksheet included in their packets.

EXHIBIT(j1h57a11)

CHAIRMAN WELLS offered an amendment at the request of the Legislative Fiscal Division. This amendment makes the appropriation of HB 7 funds legitimate.

EXHIBIT(j1h57a12)

Motion/Vote: SEN. KEENAN moved AMENDMENT HB000701.agp. Motion carried unanimously by voice vote.

Motion/Vote: SEN. KEENAN moved that HB 7 BE ADOPTED AS AMENDED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 12.8 - 14.8}

EXECUTIVE ACTION ON HB 11

Motion: SEN. KEENAN moved TO RECONSIDER HB 11.

(Note: The Committee did not formally vote on Motion to Reconsider. Assent is implied.)

Discussion:

Ms. Duncan explained an amendment to HB 11 at the request of the department. This allows funding to be awarded to the three projects below the priority line if a project above the line has to revert its funds.

EXHIBIT(j1h57a13)

EXHIBIT(j1h57a14)

Motion: SEN. KEENAN moved AMENDMENT HB001106.acd.

Discussion:

SEN. BRUEGGEMAN asked why the amendment was necessary.

Ms. Duncan replied that this amendment is needed in order to allow the projects below the line to be funded if additional monies become available during the biennium.

Vote: Motion carried unanimously by voice vote.

(REP. JUNEAU exited the meeting at 6:00 P.M.)

At the request of SEN. KEENAN, **REP. WITT** reviewed why the Committee had previously acted to transfer additional funds to the top four TSEP projects.

{Tape: 2; Side: B; Approx. Time Counter: 14.8 - 23.5}

Mr. Tubbs discussed the next amendment to HB 11. The amendment changes the statute to allow the payment of debt services from the Regional Water System Account. The amendment is contingent on passage of HB 748.

EXHIBIT(j1h57a15)

Ms. Duncan explained that bonding allows the Regional Water Projects to obtain the funding necessary for a federal match as quickly as possible.

Mr. Tubbs added that Sections 10 and 12 of the act refer to the appropriation for Regional Water Projects. Mr. Tubbs discussed the major aspects of the Regional Water Projects that will be addressed by the State.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 2}

Motion/Vote: SEN. TESTER moved AMENDMENT HB001102.agp. Motion carried 6-2 by roll call vote with SEN. KEENAN and REP. WITT voting no. REP. JUNEAU voted by proxy.

Motion: SEN. KEENAN moved TO REMOVE \$75,000 IN FUNDS FROM THE TOP FOUR PROJECTS AND CONTRIBUTE THE MONEY TO THE RANCH DISTRICT WATER PROJECT (PAGE 3, LINE 14).

Discussion:

SEN. KEENAN stated that the water system in the community is old and deteriorating. The application ranked low because of the number of undeveloped lots in the community. SEN. KEENAN explained that this is because many of the homes in this community are built on two lots. The project would have been eligible for funding if this had been taken into account on the application.

Vote: Motion failed 3-4 by roll call vote with SEN. COONEY, SEN. KEENAN, and REP. WELLS voting aye.

Motion/Vote: SEN. COONEY moved that HB 11 BE ADOPTED AS AMENDED. Motion carried 7-1 by voice vote with SEN. KEENAN voting no.

{Tape: 3; Side: A; Approx. Time Counter: 2 - 8}

ADJOURNMENT

Adjournment: 6:30 P.M

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/lld

Additional Exhibits:

EXHIBIT ([jlh57aad0.PDF](#))